



Public Service Commission

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RECORDS AND REPORTING
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DATE: NOVEMBER 18, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF WATER AND WASTEWATER (CLAPP, REDEMANN)
DIVISION OF LEGAL SERVICES (CHRISTENSEN) R PS

RE: DOCKET NO. 981907-WU - APPLICATION FOR TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL OF OCALA OAKS UTILITIES, INC., HOLDER OF CERTIFICATE NO. 346-W IN MARION COUNTY, TO AQUASOURCE UTILITY, INC.
COUNTY: MARION

AGENDA: 11/30/99 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\981907.RCM

CASE BACKGROUND

Ocala Oaks Utilities, Inc. (Ocala Oaks or utility) is a Class B utility that provides water service in Marion County and serves approximately 1,571 water customers. The utility was issued Water Certificate No. 346-W pursuant to Order No. 10471, issued December 23, 1981, in Docket No. 810470-W. The utility's 1998 annual report on file with the Commission lists total utility operating revenues of \$357,792 and total utility operating income of \$31,419. The utility's facilities consist of twelve water treatment plants and twelve water distribution systems.

On December 23, 1998, AquaSource Utility, Inc. (AquaSource or Buyer) filed an application for transfer of majority organizational control (TMOC) of the utility from Mrs. Harold Ellzey (Mrs. Ellzey or Seller). The Buyer's application was found to be deficient. The deficiencies were corrected on May 18, 1999. There was a

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further delay in processing the application because the TMOC included territory that was contingent upon a Commission vote in another transfer docket. The transfer was approved in Docket No. 981030-WU, by Order No. PSC-99-1925-PAA-WU issued September 28, 1999. Therefore, this TMOC application is now ready for action by the Commission.

The Stock Purchase Agreement (Agreement) submitted at the request of staff for additional information set forth the terms and conditions by which the Buyer acquired all of the outstanding stock of the utility. The Agreement contains a provision stating that the transaction is subject to the jurisdiction of the Commission. However, the language of this provision does not provide that the transaction is contingent upon Commission approval. Staff notes that Section 367.071(1), Florida Statutes, changed effective June 11, 1999, to allow a utility to close on the sale of its facilities prior to Commission approval if the contract is made contingent upon Commission approval. The local AquaSource attorney provided documentation that the actual purchase took place on June 21, 1999. The apparent violation of Section 367.071(1), Florida Statutes, for transferring majority organizational control prior to Commission approval and without making the transfer contingent upon Commission approval will be addressed in Issue 1.

It has been Commission practice that rate base is not established in TMOC proceedings, and thus, rate base audits are not conducted in TMOC cases. However, for informational purposes, the 1998 annual report on file with the Commission gives rate base as \$474,953. An additional transfer to Ocala Oaks with an estimated value of \$131,360 was approved pursuant to Order No. PSC-99-1925-PAA-WU, issued September 28, 1999, in Docket No. 981030-WU. Therefore, the estimated rate base of Ocala Oaks is \$606,313. The total purchase price for the utility is \$1,415,775.

This recommendation addresses the petition to transfer majority organizational control of the subject utility to AquaSource and the apparent violation of Section 367.071(1), Florida Statutes, for transferring majority organizational control without prior Commission approval and without making the transfer contingent upon Commission approval. Our review indicates that the utility is current with regard to submission of annual reports and payment of regulatory assessment fees.

DISCUSSION OF ISSUES

ISSUE 1: Should Ocala Oaks Utilities, Inc. be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent violation of Section 367.071, Florida Statutes?

RECOMMENDATION: No. A show cause proceeding should not be initiated. (CHRISTENSEN)

STAFF ANALYSIS: As stated in the case background, Ocala Oaks closed on the transfer of all its outstanding stocks to AquaSource on June 21, 1999, prior to obtaining Commission approval and without making the transfer contingent upon Commission approval. Section 367.071(1), Florida Statutes, (1999), which became effective on June 11, 1999, states as follows:

No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest... However, a sale, assignment, or transfer of its certificate of authorization, facilities or any portion thereof, or majority organizational control may occur prior to commission approval if the contract for sale, assignment, or transfer is made contingent upon commission approval.

On June 7, 1999, Ocala Oaks and AquaSource executed the Stock Purchase Agreement. The Agreement states in Section IX-Public Service Commission Approval that the parties recognize the jurisdiction of the Commission to approve the transfer. Section 9.1 of the Agreement states as follows:

The Parties acknowledge that this transaction is subject to the jurisdiction of the FPSC and Section 367.071 of the Florida Statutes. Recognizing that FPSC approval of the transaction and transfer of the water certificates may not be accomplished on or before the Closing Date, this Agreement shall be subject to modification, including rescission, by mutual agreement, in the event the FPSC fails to approve the transfer within twelve (12) months hereof. Buyer may elect to close this transaction after the completion of its Due Diligence Period, but prior to FPSC approval. In the event Buyer elects to exercise this option and closes prior to FPSC approval, Buyer shall indemnify and hold Seller harmless from any

and all claims, fines, penalties or any other liability or claim imposed or asserted by the FPSC and any other governmental or regulatory authority against Seller based upon or attributable to the Closing of this transaction or ownership of the Stock of Buyer, prior to FPSC approval. In the event the FPSC fails to approve the transaction, for a period of three (3) years following such event, the Seller agrees to cooperate with the Buyer and use reasonable efforts in Buyer's attempts to sell the Company to another entity who is approved by the FPSC (emphasis added).

Staff believes this provision does not make the transfer contingent upon the approval of the Commission. The Agreement has several options available to the parties should the Commission make a final decision to disapprove the transfer, only one which could "unwind" the transaction. This option is rescission, by mutual agreement. However, rescission is not automatic and parties retain the right to withhold their consent to rescind the Agreement. Furthermore, this Agreement allows the disapproved Buyer to remain in possession of the utility until an approved entity can be found. In addition, it allows the disapproved Buyer to remain in control of the utility for an indefinite period of time after the Commission's final decision. Since this provision keeps the utility in the Buyer's hands rather than reverting back to the Seller, this provision is not within the meaning and intent of the statute. This is distinguishable from allowing the parties to close on transactions prior to the Commission's final decision on the merits of the transaction, contingent upon Commission approval.

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In transferring its stocks prior to Commission approval and without making the transfer contingent upon Commission approval, the utility acted "willfully" within the meaning and intent of Section 367.161 (1), Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refunds For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although the parties act was "willful" and in apparent violation of Section 367.071(1), Florida Statutes, there are mitigating circumstances to consider. First, the letter from AquaSource's counsel dated October 21, 1999, stated that the language in this Agreement was virtually identical to prior Stock Purchase Agreements which the Commission had tacitly approved because despite show cause issues the Commission did not initiate show cause proceedings in those prior transactions. However, those utilities were transferred prior to the effective date of the 1999 statutory changes to Chapter 367. The "unwind" provisions contained therein were found to be mitigating circumstances when the Commission considered whether to initiate show cause proceedings against those utilities. (See, Order No. PSC-99-0481-FOF-WS, issued March 8, 1999, in Docket No. 981509-WS, In Re: Application for Approval of Transfer of Majority Organizational Control of Arrendondo Utility Company, Inc., Holder of Certificate Nos. 479-S and 549-W in Alachua County, to AquaSource Utility, Inc.; Order No. PSC-99-0483-FOF-WS, issued March 8, 1999, in Docket No. 981508-WS, In Re: Application for Approval of Transfer of Majority Organizational Control of Crystal Rive Utilities, Inc., Holder of Certificate Nos. 123-W, 396-W, 507-W, 441-S, 53-W, 594-W, and 510-S in Polk, Sumter, Lake, Citrus, and Palm Beach Counties, to AquaSource Utility, Inc.; and Order No. PSC-99-0482-FOF-WS, issued March 8, 1999, in Docket No. 981780, In Re: Application for Transfer of Majority Organizational Control of Jasmine Lakes Utilities Corporation, Holder of Certificate Nos 83-S and 110-W in Pasco County, for James M. Dreher to AquaSource Utility, Inc.) However, the threshold issue of whether the language of the "unwind" provisions in those agreements met with the requirements of 367.071(1), Florida Statutes, (1999), was not addressed because the provision was not yet in existence. The plain meaning of the new statutory language requires that the "unwind" provision clearly state that the agreement be made contingent upon Commission approval. Nevertheless, this Agreement was drafted sometime before the effective date of the statutory change and the drafters did not have the benefit of referring to the clear and plain language of the statute. Second, the letter stated that the parties had an understanding, which was not reduced to writing, that AquaSource would bring the billing system of the utility into Y2K compliance. AquaSource believed it could not delay closing because of the limited time left to bring the system into compliance (six months before the year 2000).

Staff does not believe that the apparent violation of Section 367.071, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, staff recommends that the Commission not order Ocala

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Oaks to show cause for failing to obtain Commission approval prior to transferring its stock or making the transaction contingent upon Commission approval.

ISSUE 2: Should the application for transfer of majority organizational control of the utility to AquaSource be approved?

RECOMMENDATION: Yes, the application for transfer of majority organizational control of the utility to AquaSource should be approved. (CLAPP, REDEMANN)

STAFF ANALYSIS: As discussed in the case background, on December 23, 1998, AquaSource filed an application for transfer of majority organizational control of Ocala Oaks, from Mrs. Ellzey. The application was found deficient. A telephone call to Buyer and a subsequent letter, mailed on February 12, 1999, informed the Buyer of the deficiencies, and final corrections were received on May 18, 1999. The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of majority organizational control. The application contains a check in the amount of \$2,250, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the system to be transferred. No objections to the notice of application have been received and the time for filing such has expired. A description of the territory served by the utility is appended as Attachment A. Please note that the Woodlands Place in Township 15 South in Order No. 10471, issued December 23, 1981, in Docket No. 810470-W is incorrect. The correct Township is 14 South. Attachment A reflects this correction.

The application states that the transfer is in the public interest because the Buyer is part of a large corporation with water and wastewater utilities in Texas and Florida. The Buyer has the financial resources to make the future improvements to the utility systems as deemed necessary. Additionally, the application contains a statement that the Buyer will fulfill the commitments, obligations and representations of the Sellers with regard to utility matters. In contrast the Seller is no longer interested in continuing to own and operate the utility systems.

Pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, the application provided a statement of AquaSource's technical and financial ability. Regarding the Buyer's technical ability, AquaSource, a newly formed corporation, has a staff that has 25 years plus experience in operation, maintenance and management services for municipal and private water utilities. Furthermore,

Buyer currently operates water and wastewater systems serving approximately 125,000 customers in Texas. Regarding the financial ability of AquaSource, the Buyer supplied a consolidated financial statement for DQE, Inc., its parent corporation. DQE, Inc. has financial assets of \$4,694,402,000 and is committed to providing financial assistance to AquaSource as needed. Recently, AquaSource has acquired numerous water and wastewater facilities in Florida with the approval of this Commission. Staff believes that the Buyer possesses the overall technical and financial ability to operate the water systems.

According to our records, the utility is current on its regulatory assessment fees and has filed an annual report for 1998. The application states that the Buyer has performed a reasonable investigation of the utility system. The plant facilities appear to be in satisfactory condition and in compliance with applicable standards set by the Florida Department of Environmental Protection (DEP). Staff has contacted the DEP and learned that there are no outstanding notices of violation.

Rule 25-30.037(3)(i), Florida Administrative Code, requires a utility to provide proof of ownership of the land upon which its facilities are located. The application contained 10 recorded deeds in the name of the utility as proof of ownership.

Based on the above, staff recommends that the Commission find the transfer of majority organizational control of Ocala Oaks to AquaSource is in the public interest and therefore, it should be approved.

ISSUE 3: Should rate base be established?

RECOMMENDATION: No, different ownership of stock does not affect the rate base balance. (CLAPP)

STAFF ANALYSIS: It is Commission practice that rate base is not established in TMOC proceedings. The reason behind this approach is the philosophy that stock is traded and has no regulatory relationship to rate base. Thus, different ownership of stock does not affect a utility's rate base balance. Consequently, stock purchase price and rate base are not considered in making a public interest determination of a TMOC. This approach is followed if the stock is privately held or publicly traded.

Because rate base is not considered in TMOC proceedings, rate base audits have historically not been conducted in TMOC proceedings. Further, staff believes that establishment of rate base in this docket would result in an unnecessary deviation from Commission practice. Staff does not believe the facts of this particular case warrant a deviation from past practice. The sale of the stock of Ocala Oaks, from Mrs. Ellzey to AquaSource will not alter the utility's asset and liability accounts. Accordingly, the transfer of stock ownership will not change the rate base balance. In consideration of the above, staff recommends that rate base not be established in this docket.

ISSUE 4: Should an acquisition adjustment be approved?

RECOMMENDATION: No, an acquisition adjustment should not be included in the calculation of rate base for transfer purposes.
(CLAPP, REDEMANN)

STAFF ANALYSIS: An acquisition adjustment results when the purchase price differs from the original cost calculation. The Commission routinely makes determinations regarding acquisition adjustments in cases involving the transfer of certificates, assets, or facilities because the purchase price is considered when determining whether the transfer is in the public interest. Conversely, it is Commission practice that acquisition adjustments are generally not considered in stock transfers because the price of stock has no regulatory relationship to a utility's established rate base.

Because the assets are not actually being sold and the value will remain the same after the transfer, staff believes that an acquisition adjustment does not result from this transfer. Therefore, staff recommends that an acquisition adjustment should not be included in the calculation of rate base.

ISSUE 5: Should the rates and charges approved for this utility be continued?

RECOMMENDATION: Yes, the rates and charges approved for Ocala Oaks should be continued. The tariff filing should be approved, to be effective for services rendered or connections made on or after the stamped approval date. (CLAPP, REDEMANN)

STAFF ANALYSIS: Ocala Oaks' approved rates were effective November 27, 1998, pursuant to a price index for 1998 and pass-through of ad valorem taxes. Service availability charges were effective August 6, 1996, pursuant to an application for rate increase filed in Docket No. 960408-WU.

Rule 25-9.044(1), Florida Administrative Code, provides that:

In case of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission)...

The Buyer has not requested a change in the rates and charges of the utility and staff sees no reason to change them at this time. Accordingly, staff recommends that the utility continue operations under the existing tariff and apply the approved rates and charges. The utility has filed a revised tariff reflecting the change in issuing officer due to the transfer of majority organizational control. The tariff filing should be approved, to be effective for services rendered or connections made on or after the stamped approval date.

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ISSUE 6: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (CHRISTENSEN)

STAFF ANALYSIS: No further action is required in this docket.
Therefore, staff recommends that this docket be closed.

OCALA OAKS UTILITIES, INC.

WATER SERVICE AREA

MARION COUNTY

Township 14 South Range 22E

Ocala Oaks

The SW 1/4 of the NE 1/4 and the NW 1/4 of the SE 1/4; and the SW 1/4 of the SE 1/4, except the West 724.00 and except the North 130' of the South 155' of the East 85' and except the South 25' for road right-of-way; all being in Section 33 - Township 14 S Range 22 E, Marion County, Florida; and also

WRIGHT HEIGHTS

The SE 1/4 of the NE 1/4 and the NE 1/4 of the SE 1/4 of Section 33, Township 14 S, Range 22 E and also

SUGAR HILLS

The SW 1/4 of the NW 1/4 of the NW 1/4 of Section 34, Township 14 S, Range 22 E, except for road right-of-way and also

SUGAR HILLS - 1ST ADDITION

East 1/2 of the East 1/2 of the NE 1/4 of the NE 1/4 of Section 33, Township 14 S, Range 22 East, except the East 25' for road thereof; and except the North 175' thereof, lying and being situate in Marion County, Florida.

Township 14 South Range 22E

WOODLAND PLACE

The East 1/2 of the SW 1/4 of Section 33, Township 15 South, Range 22 East, Marion County, Florida, except the S 30'; and the N 480' of the S 660' of the E 280'; and the N 480' of the S 660' of the W 140' of the E 480'; and including the E 1/2 of the NE 1/4 of the NW 1/4 of the SW 1/4 except the W 40' thereof and also

BELLEAIR

The NE 1/4 of the NW 1/4 of Section 25, Township 15 South, Range 22 East Marion County, Florida and also

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PINE OAK

West Half (W1/2) of Southwest Quarter (SW1/4) of Southeast Quarter (SE1/4) of Southwest Quarter (SW 1/4) of Section 24, Township 15 South, Range 22 East, containing five acres, more or less.

TOWNSHIP 17 SOUTH, RANGE 22 E

FAIRFAX

The West 1/2 of the East 1/4 of the NE 1/4 of Section 14, Township 17 South, Range 22 East, except the West 1/4 of the SE 1/4 of the NE 1/4 and except the NW 1/4 of the NE 1/4 of the NE 1/4 and also

FAIRFAX NORTH

The NW 1/4 of the NE 1/4 of the NE 1/4 of Section 14, Township 17 South, Range 22 East, Marion County, Florida, and containing 10.06 acres more or less and also

MARION HILLS

E 1/2 of W 1/2 of NE 1/4 of NW 1/4 of Section 13, Township 17 South, Range 22 East, less N 25' for R/W all being in Marion County, Florida.

TOWNSHIP 16 SOUTH, RANGE 23 E

BELLEVIEW HILLS

The West 1/2 of the NW 1/4 of the NE 1/4 of Section 3, Township 17 South, Range 23 East and commencing at the North 1/4 Corner of said Section 3, thence proceed East along the North boundary of said Section 3, 266.98' for the Point of Beginning; thence North 462.65' to the Southerly R/W of Alternate U.S. 27 - 441 (State Highway 25); thence along said Southerly right-of-way, 347.93'; thence departing from said right-of-way S 00°36'36" W, 348.44'; thence West, 330.00' to the Point of Beginning, being in Section 34, Township 16 South, Range 23 East.

TOWNSHIP 14 SOUTH, RANGE 22E

CHAPPEL HILLS

The North 1/2 of the NE 1/4 of the SE 1/4 Section 28, Township 14 South, Range 22 E, Marion County, Florida EXCEPT Road right-of-way.

TOWNSHIP 15 SOUTH, RANGE 21E

RIDGE MEADOWS

The East 1/2 of the SW 1/4 of the SW 1/4 of Section 9, Township 15 South, Range 21 E, Marion County, Florida.

TOWNSHIP 14 SOUTH, RANGE 21E

WESTVIEW

The SW 1/4 of the NW 1/4 of Section 36, Township 14 South, Range 21 East; except the South 466.69' of the West 466.69'; and except the

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South 25' for road right-of-way; and except the South 298' of the East 298'; and except the West 343.5' of the East 641.5'; and except the North 295.16' of the South 761.85' of the West 295.16'; and except the South 660' of the North 810' of the East 330' and except the North 298.5' of the South 1060.35' of the West 298.5'; and except the North 100' of the West 460.60'; and except the South 105.24' of the North 255.24' of the West 460.60'.

Township 14 South, Range 21 East
Section 36

The South 467 feet of the West 467 feet of the Southwest 1/4 of the Northwest 1/4 of said Section 36.

Township 15 South, Range 22 East
Section 24

The South 1/2 of the Southwest 1/4 of the Southeast 1/4 of said Section 24.

Section 25

That portion of the Northwest 1/4 of the Northeast 1/4 of said Section 25 more particularly described as follows:

Begin at the Northeast corner of the Northwest 1/4 of the Northeast 1/4 of said Section 25, thence South 00°02'00" East along the East boundary a distance of 25 feet, then South 89°53'35" West a distance of 105 feet, thence North 34°16'20" West a distance of 30 feet to the North boundary, thence North 90°53'35" East along the North boundary a distance of 122 feet to the Point of Beginning.

and

Begin at the Northwest corner of the Northwest 1/4 of the Northeast 1/4 of Section 25, thence North 89°53'35" East along the North boundary a distance of 65 feet, then South 30°23'41" West a distance of 128 feet to the West boundary, thence North 00°12'41" West along the West boundary 110 feet to the Point of Beginning.

Township 17 South, Range 23 East
Section 3

The East 1/2 of the Northwest 1/4 of the Northeast 1/4 of said Section 3.

Township 16 South, Range 23 East
Section 34

Commence at the South 1/4 corner of said Section 34; thence along the South line of said section run North 89°54'00" East a distance of 696.58 feet to the Point of Beginning; thence North 00°36'36" East a distance of 313.77 feet to a point on the South R-O-W line

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of Old U.S. Highway 441 (100 foot r-o-w); thence along said R-O-W South 70°54'06" East a distance of 210.87 feet; thence South 00°36'36" West a distance of 244.42 feet to a point on the South line of said Section 34; thence along said South line South 89°54'00" West a distance of 200 feet to the Point of Beginning.

TOWNSHIP 14 SOUTH, RANGE 22 EAST
Section 33

The Southeast 1/4 of the Southwest 1/4 LESS AND EXCEPT the South 660 feet of the East 480 feet of the Southeast 1/4 of the Southwest 1/4, and the South 30 feet thereof.

Township 15 South, Range 22 East
Section 24

Commence at the SE corner of the SW 1/4 of said Section 24; thence North 00°12'00" West long the East boundary of the SW 1/4, 317.19 feet, said bearing of East boundary also being described as "N. 00°46'09" E." in the O.R. Book 1097, page 738 and O.R. Book 1093, page 621; thence S. 88°45'27" W., 666.01 feet to the West boundary of the S.E. 1/4 of the SE 1/4 of the SW 1/4 of said Section 24; said bearing also being described as "S. 89°43'36" W." in O.R. Book 1097, page 738 and O.R. Book 1093, page 621; thence S. 00°04'51" E., along the West boundary of said S.E. 1/4 of the SE 1/4 of the SW 1/4, 303.40 feet to the Southwest corner thereof; thence N. 89°56'39" E. along the South boundary of the aforementioned SE 1/4 of SE 1/4 of S.W. 1/4, 666.53 feet to the Point of Beginning. Containing 4.746 acres

Township 16 South Range 23 East
Section 34

The SE 1/4 of the SW 1/4 of said Section 34, lying South of SE County Road No. C-25; LESS the NE 1/4 of the SE 1/4 of the SW 1/4 thereof.

East 1/2 of the SW 1/4 of the SE 1/4 of the SW 1/4 of Section 24, Township 15 South, Range 22 East; except the West 264 feet of the SE 1/4 of the SW 1/4 of SE 1/4 of SW 1/4, Section 24, Township 15 South, Range 22 East, Marion County, Florida.

and the West 264 feet of the SE 1/4 of the SW 1/4 of the SE 1/4 of the SW 1/4, Section 24, Township 15 South, Range 22 East

and East 1/2 of the NW 1/4 of the SE 1/4 of SW 1/4 and North 1/2 of the NE 1/4 of the SE 1/4 of the SW 1/4, lying in Section 24, Township 15 South, Range 22 East, and containing ten (10) acres.

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Township 14 South, Range 22 East, Section 33

For the point of reference commence at the Northeast corner of the Southwest 1/4 of Section 33, Township 14 South, Range 22 East; thence S 00°01'54" W along the West boundary of Ocala Oaks Unit 2 (PB. "T", PG. 76) 1159.79 feet to the North boundary of Woodland Place (PB "U", PG 2); thence along said North boundary of Woodland Place S 89°57'02" W, 185.04 feet; thence S 00°04'07"W, 3.84 feet; thence S 89°56'29"W, 388.00 feet; thence S 00°04'07"W, 125.00 feet to the North right-of-way of Northeast 38th Place (60'R/W); thence along said right-of-way S 89°56'29"W, 755.06 feet to a point on the East boundary of McCoy's Subdivision (unrecorded) thence along said east boundary of McCoy's Subdivision N 00°01'52"E, 1289.15 feet to Northeast corner of Northwest 1/4 of the Southwest 1/4 of said Section 33, Township 14 South, Range 22 East; thence along said North boundary line N89°57'53" E, 1328.23 feet to the point of beginning.

and the East 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 33, Township 14 South, Range 22 East, Marion County, Florida.

Containing 57.77 acres more or less.

AREA A

Township 14 South, Range 22 East In Section 32 and 33

For a Point of Reference commence at the Southeast corner of the Northeast 1/4 of Section 32, Township 14 South, Range 22 East; thence along East boundary of said Section 32 North 00°00'39" West, 661.29 feet to the Point of Beginning (POB); thence continue North 00°00'39" West, 661.29 feet to the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 32; thence along the north boundary of said Southeast 1/4 of the Northeast 1/4 South 89°53'53" West, 162.97 feet to a Point on the Easterly Right-of-Way of Alternative U.S. Highway 301 (100' R/W); thence along said Right-of-Way South 13°49'41" West, 680.83 feet; thence North 89°58'58" East, 325.82 feet to the P.O.B. containing 3.71 acres more or less. And the West 1/2 of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 33. Containing 5.04 acres more or less.

AREA B

Township 14 South, Range 22 East In Section 33

The West 626 feet of the East 1/2 of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4.

AREA C

Township 14 South, Range 22 East In Section 32 and 33
Commence at the Southeast corner of the Northeast 1/4 of Section 32, Township 14 South, Range 22 East; thence due North 661.29; thence due West 325.82 feet to the Easterly Right-of-Way of Alternative U.S. Highway 301 (100' R/W); thence South 13°35'39" West 680.49 feet; thence due East 485.89 feet to the Point of Commencement. And the Southwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 33, Township 14 South, Range 22 East.

AREA D

Township 14 South, Range 22 East In Section 33
For a Point of Reference commence at the Southeast corner of the West 1/2 of the Southeast 1/4 of the Northwest 1/4 of Section 33, Township 14 South, Range 22 East; thence North 00°03'19" East along the East boundary of the West 1/2 of the Southeast 1/4 of the Northeast 1/4 of said Section 33, 30.00 feet to a Point on the North Right-of-Way of NE 42nd Street (60' R/W) and the Point of Beginning (P.O.B.); thence continue along said East boundary North 00°03'19" East, 298.93 feet; thence depart from said boundary South 89°56'36" West, 129.33 feet; thence North 00°01'58" East, 270.00 feet; thence North 89°56'36" East, 129.43 feet to a Point on the Aforementioned East Boundary; thence North 00°03'19" East, 61.73 feet to the Northeast corner of the Southwest 1/4 of the Southeast 1/4 the Northwest 1/4 of said Section 33; thence South 89°58'58" West, 1,328.74 feet to the Northwest corner of the Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4 of said Section 33; thence South 00°00'40" West along the West boundary of the Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4 of said Section 33, 631.08 feet to a Point on the North Right-of-Way of N.E. 42nd Street (60'R/W); thence North 89°57'53" East, along said North Right-of-Way, 1,328.26 feet to the P.O.B.

AREA E

Township 14 South, Range 22 East In Section 33
For the Point of Beginning (P.O.B.) commence at the Northwest corner of the Southwest 1/4 of Section 33, Township 14 South, Range 22 East, Marion County, Florida; thence along the West boundary of Section 33, Township 14 South, Range 22 East South 00°01'47" West, 992.10 feet to the North Right-of-Way of Northeast 39th Street (50' R/W); thence along said North Right-of-Way North 89°56'49" East, 996.15 feet to the West boundary of McCoys Subdivision Unrecorded; thence along said West boundary North 00°01'51" East, 991.79 feet to the North boundary line of the Southwest 1/4, Section 33, Township 14 South, Range 22 East; thence along said North boundary South 89°57'53" West, 996.17 feet to the P.O.B.

DOCKET NO. 981907-WU
DATE: NOVEMBER 18, 1999

BELLEVUE HILLS ESTATES

That part of the South 1/2 of NW 1/4 of NE 1/4 lying West of U.S. Highway No. 301, and the NW 1/4 except the East 348.50 feet of the South 1017.50 feet thereof and except the East 525.00 feet of the West 1016.25 feet of the South 210.00 feet thereof, all being in the Section 18, Township 17 South, Range 23 East, Marion County, Florida.

HAWKS POINT SUBDIVISION

The SE 1/4 of Section 26, Township 16 South, Range 22 East, Marion County, Florida: Less and Except the East 12 1/2 chains thereof, and Less the North 10 chains thereof: and Except the West 1/2 of the SW 1/4 of the SE 1/4, and Except the SE 1/4 of the SW 1/4 of the SE 1/4, Except the East 30 feet.

THE SUBDIVISIONS OF 49TH STREET VILLAGE, STONEGATE AND COUNTRY ROADS

The following described lands located in portions of Sections 27 and 34, Township 14 South, Range 22 East, Marion County, Florida:

Section 27

The South 1/2 of the SW 1/4 of the SW 1/4

Section 34

The North 1/4 of the NW 1/4

The SW 1/4 of the NE 1/4 of the NW 1/4.